

APPENDIX E-309 P

NOTIFICATION OF CONDITION DISCREPANCY

1. PURPOSE

This appendix is applicable to chapters 3, 17, and 40 and provides instructions for processing the Notification of Condition Discrepancy, appendix F-73. The report is computer generated when Materiel Receipt Documents (appendices B-20 and B-21) are processed indicating:

a. Receipt of materiel from redistribution (D6K) that did not match a due-in record due to a difference between condition reported received and condition due-in.

b. Receipt of materiel from contracting (D4_) with quantities that exceed the authorized due-in quantity.

c. Receipt of materiel from contracting (D4_) in authorized Condition Code that does not match the Condition Code in the Due-In File.

d. Receipt of suspected duplicate materiel receipt documents that exceed the authorized due-in quantity.

e. Receipt of materiel due-in on a commercial repair contract indicating nonrepairable item which was shipped to RMO or destroyed upon receipt.

2. APPENDICES USED IN THIS PROCESS

a. Appendix B-20, Materiel Receipt Transaction (Contracting Instrument Source).

b. Appendix B-21, Materiel Receipt Transaction (Other than Contracting Instrument Source).

c. Appendix B-22, Materiel Adjustment Transaction (Single or Dual Adjustment).

d. Appendix B-117, Due-In File Inquiry Transaction.

e. Appendix B-167, Issue Transaction Document for Transshipment of Suspended Receipts.

f. Appendix E-022 P, Preparation of Materiel Adjustment Transaction.

g. Appendix E-167 P, Preparation of Issue Transaction Card for Transshipment of Suspended Receipts.

h. Appendix F-73, Notification of Condition Discrepancy.

i. Appendix F-184, Due-In File Printout.

3. RESPONSIBLE ORGANIZATIONAL ELEMENTS

The Inventory Accounting Branch, Stock Control Division, DSO, is responsible for processing the Notification of Condition Discrepancy, appendix F-73.

4. PROCEDURES/INSTRUCTIONS

Personnel of the Inventory Accounting Branch will process the Notification of Condition Discrepancy, appendix F-73, as follows:

a. Obtain a Due-In File Printout, appendix F-184. Any other printout needed, i.e., F-71-2, Contract Interrogation; F-110, Transaction History File Printout, should be obtained.

b. Analyze the requested printout(s) and Notification of Condition Discrepancy, appendix F-73, to determine reason for computer output of the discrepancy report.

c. When it is determined that the Notification of Condition Discrepancy, appendix F-73, represents a receipt from redistribution (DIC D6K) into a physical condition other than the condition due-in:

(1) Destroy those Notification of Condition Discrepancies, appendix F-73, indicating materiel from redistribution was received into Condition F, G, J, or K. These receipts are also identified on a Discrepancy Report Notice, appendix F-160, for processing indicated in appendix E-303 P.

(2) Forward those Notification of Condition Discrepancies, appendix F-73, indicating materiel from redistribution was received into a condition (other than F, G, J, or K) other than condition due-in to the Item Manager, applicable Commodity Branch, Inventory Management Division, for review and/or disposition.

d. When it is determined that the Notification of Condition Discrepancy, appendix F-73, represents a receipt from procurement sources (DIC D4_) into a physical condition other than the condition due-in:

(1) Query by message the distribution activity (depot) to determine the true condition of the reported receipt, which was unmatched to the Due-In File and appeared on the F-73, Notification of Condition Discrepancy. If a clerical error was made and the materiel is in fact in Condition Code A, request the depot process a Materiel Adjustment Transaction, DIC DAC, to correct the records.

(2) When the true condition is other than Condition Code A, and the receipt was received with Management Code R (report of discrepancy to follow) prepare or have prepared any offsetting adjustment with Management Code Z. This will result in another F-160, Discrepancy Report Notice, being generated (the first one generated as a result of Code R in the receipt transaction. In this case, have the applicable depot prepare and process a materiel adjustment transaction, DIC DAC, with Management Code Z, to transfer materiel from the reported Condition Code (B and C) to Condition Code L.

(3) Notify DP&P, by IOM, of discrepancy in materiel received. Furnish all details of the discrepancy including any applicable recommendation for disposition or retention of stocks (i.e., accept condition of materiel as received, return stocks to contractor, negotiate for reduction of contractual prices.

(4) Upon receipt of disposition instructions take the following actions:

(a) Prepare an Issue Transaction Document for Transshipment of Suspended Receipts (DIC ZLD), appendix B-167, in accordance with (IAW) appendix E-167 P, when the disposition instructions direct that the materiel be returned to the contractor or shipped to the RMO.

(b) Use these disposition instructions to complete the answer for the Discrepancy Report, SF 364, forwarded as specified in subparagraph (2) above.

(c) Notify the IM of the final disposition of materiel.

e. When it is determined that the Notification of Condition Discrepancy, appendix F-73, represents a possible overage against a Contract/Contract Line Item Number (i.e., computer detected overage placed in Condition Code L), take the following actions:

(1) When the incremental delivery indicator on the Due-In File Printout is Y, the overage quantity exceeded all incremental CLIN quantities matching on the first five positions of the CLIN number. The overage is recorded on the CLIN with the latest EDD among all matching CLINs. The CLIN reflected on the Notification of Condition Discrepancy, appendix F-73, will be the summary CLIN (A in the last position of the CLIN).

(2) Determine, from the Due-In File Printout, appendix F-184, whether materiel is due into the receiving depot under a CLIN other than the CLIN reflected on the MRC. When another Due-In record (under a different CLIN) is positively identified, prepare and input the following transactions:

(a) A Materiel Receipt Reversal Transaction, DIC D4_, in the format of appendix B-20, reflecting the quantity and the CLIN which was mechanically placed in Condition Code L. Prepare this input for DIC D4S, U, V or Z.

(b) For DIC D4S, U, V, or Z, with RIC From, pos. 67-69, other than an Army, Navy, or DLA distribution activity, i.e., pos. 67 is other than A, B, N, or S, prepare and input a MRC, DIC D4_, in the format of appendix B-20, reflecting that portion of the quantity received which applies to the other CLIN/CLINs Due-In and the correct CLIN in pos. 45-50.

(c) For DIC D4S, U, V, or Z, with RIC From, pos. 67-69, citing an Army, Navy, or DLA distribution activity (as validated within the Source Preference Table) a DIC DAC transaction was mechanically prepared, and transmitted to the distribution activity (depot) notifying that depot to segregate the materiel, transfer materiel from Condition Code A to L,

not submit a DIC DAC, and not submit a Discrepancy Report, SF 364. In this instance, after the DIC D4S Reversal input outlined in subparagraph e(1)(a) above has posted to DSC records, notify the applicable depot by message to transfer the materiel from Condition Code L to A for the CLIN previously reported without processing a DIC DAC to the DSC. Also, notify the depot to submit a MRC, DIC D4S, for the correct/different CLIN. The message should provide the following information: NSN, Document/Contract Number, Supplementary PIIN, CLIN, (Incremental delivery - A in last position (summary CLIN)), Condition Code, and Quantity.

(3) Contact the IM to ascertain if a contract amendment is in progress, or has been processed to increase either the contract variation percentage, or to increase the quantity due-in at the depot reporting the receipt. If a contract amendment is in progress, process as follows:

(a) Contact the DP&P for the current status of the amendment. When DP&P provides the date that the amendment transaction will be processed to the Active Contract File (ACF), obtain either a Due-In File Remote inquiry if the CLIN quantity was to be increased, or a new Due-In File Printout, appendix F-184, if the contract variation percentage was to be increased. When the amendment transaction to the ACF has been confirmed to have processed, continue processing as prescribed below.

(b) If the DIC is D4S, U, V, or Z, with a RIF, pos. 67-69, beginning with A, B, N, or S, notify the depot by message to transfer the materiel from Condition Code L to A, and to submit DIC DAC transaction to the DSC. The message should provide the same information prescribed in subparagraph e(1)(c) above.

(4) If a contract amendment is not in progress, contact the reporting activity to determine whether the depot processed a duplicate receipt transaction, or whether the quantity placed in litigation represents a true overage quantity received. If a duplicate receipt transaction was processed by the depot, process as follows:

(a) If the DIC is D4S, U, V, or Z, with RIF, pos. 67-69, beginning with A, B, N, or S, prepare and input a D4S Reversal for the litigation quantity. Advise the depot by message to transfer the materiel from Condition Code L to A without submitting a DIC DAC transaction to the DSC.

(b) If the DIC is D4S, U, V, or Z, with other than a RIF, pos. 67-69, beginning with A, B, N, or S, prepare a D4S Reversal for the litigation quantity.

(5) After the determination has been made that a contract amendment is not in progress, and contact with the reporting activity has determined that a duplicate receipt transaction was not processed, continue as follows:

(a) If the DIC is D4S, U, V, or Z, the RIF, pos. 67-69, beginning with other than A, B, N, or S, notify that depot by message to place the overage quantity in Condition Code L without submitting either a DIC DAC transaction, or a Discrepancy Report, SF 364, and to hold the materiel pending disposition instructions.

(b) Contact the IM for a decision whether or not the overage materiel is needed, and to be retained by the DSC.

(6) When contact with the IM has determined that validated overage materiel is not to be retained, process as follows:

(a) Notify DP&P of the overage materiel. Advise that the materiel is not needed, and request a determination be made whether the materiel is to be returned to the vendor. If not, the materiel will be transferred to a DRMO.

(b) Upon receipt of disposition instructions from DP&P, prepare an Issue Transaction Document for Transshipment of Suspended Receipts, DIC ZLD, IAW appendix E-167 P, to ship the overage materiel to the contractor, or to ship the materiel to the DRMO. Notify the IM of final action taken.

(7) When contact with the IM has determined that validated overage materiel is needed, and is to be retained by the Government, process as follows:

(a) Utilizing DLA Form 1128, prepare a Master Amendment Document, DIC YPE, with Amendment Code H to be used by DP&P to increase the quantity of the CLIN involved by the amount of stock held in litigation.

(b) Notify DP&P of the overage materiel advising that the materiel is to be retained, and request a determination be made whether the materiel is to be paid for, or will be abandoned to the Government at no charge. Also request that the DLA Form 1128 attached to the notification be processed to increase the CLIN quantity if the materiel must be paid for.

(c) Excluding those transactions with DIC D4S, U, V, or Z, and RIF, pos. 67-69 beginning with A, B, N, or S, request that DP&P prepare and process a DIC YPE, Amendment Code H, transaction to increase the contract variation percentage figure to a figure which will allow the litigation quantity to be processed to the ACF when the overage materiel has been abandoned by the vendor to the Government at no charge. The CLIN quantity must not be increased to accept No Charge materiel.

(8) When DP&P advises that overage materiel must be paid for, and the DLA Form 1128 has been processed to ODS* process as follows:

(a) When a Due-In Remote Inquiry reveals that the CLIN quantity for the depot involved has been increased, prepare a message advising that depot to transfer materiel from Condition Code L to A, and to submit a DIC DAC transaction to the DSC. The message should provide the same information as prescribed in subparagraph e(1)(c).

(b) When another Due-In Remote Inquiry reveals that the overage materiel has been transferred to Condition Code A, retire the appendix F-73 with supporting documentation, and retain for a time period prescribed by DSC regulation.

(9) When DP&P advises that overage materiel has been abandoned to the Government at no charge, process as follows:

(a) If the DIC is D4S, U, V, or Z, with RIF, pos. 67-69, other than A, B, N, or S, prepare a message advising the depot to transfer materiel to Condition Code A, and to submit a DIC DAC transaction to the DSC. The message should provide the same information as prescribed in subparagraph e(1)(c). Before transmitting the message, obtain a Due-In File Printout, appendix F-184. When a comparison between the newly obtained appendix F-184, and the one originally obtained reveals that the percentage figure has been increased, release the message for transmittal to the depot.

(b) If the DIC is D4S, U, V, or Z, with RIF, pos. 67-69, beginning with A, B, N, or S, prepare a DIC DAC transaction utilizing the DIC D4S data in the following format:

<u>FIELD</u> <u>POSITIONS</u>	<u>INSTRUCTIONS</u>
1-3	Enter DAC.
4-6	Enter pos. 67-69 of D4S (RIC of Depot).
7	Blank.
8-59	Enter same data as D4S.
60-65	Blank.
66	Enter A (Condition Code - To).
67-69	Pos. 4-6 of D4S (RIC of DSC).
70	Blank.
71	Enter L (Condition Code - From).
72	Enter B.
73-75	Enter same data as D4S.
76	Blank.
77-80	Enter same data as D4S.

(c) Forward the completed DIC DAC transaction to ODS for transmittal clearly labeled for transmittal only. This DIC DAC notification to the depot will cause the depot to transfer materiel from Condition Code L to A, and to submit a DIC DAC transaction citing Management Code B. The DSC originated DIC DAC will not effect a condition transfer; however, the depot submitted DIC DAC citing Management Code B will effect a condition transfer, will bypass contract variation checks, and will provide appropriate ACF adjustments. As a follow-on process, the Financial Subsystem will recognize the ACF imbalance between ordered and received quantities, and effect the required adjustment to close the CLIN, and relate the no charge quantity to the appropriate GLAC.

(d) Notify the Comptroller, in all cases, the exact quantity that is not to be paid for.

(e) When a Due-In Remote Inquiry reveals that the overage materiel has been transferred to Condition Code A, retire the appendix F-73 with supporting documentation, and retain for a time period prescribed by DSC regulation.

(10) There may be unusual circumstances involving overage quantities such as a requirement that the depot conduct additional inspection of the stock, or to further validate the received quantity, or when the dollar value of the overage is exceptionally high. When the situation arises, it may be necessary to request that the depot submit a Discrepancy Report, SF 364.

(a) When a SF 364 is required, notify the depot by message to submit a SF 364, and provide the information prescribed in paragraph 4e(1)(d).

(b) Forward the appendix F-73 with supporting documentation to the Center Control Point in the Quality Assurance Division, DTO, to assist in the processing of the SF 364.

(c) Maintain a record of the action taken for a time period prescribed by DSC regulation.

(d) When it is determined that the Notification of Condition Discrepancy, appendix F-73, represents a receipt from a commercial repair contract indicating the item was nonrepairable and was shipped to RMO (DIC D4M, Condition Code H, and Management Code M) or was destroyed upon receipt (D4M, Condition Code H, and Management Code J):

Advise the Property Administrator, DP&P, and the Office of Comptroller of the receipt of the nonrepairable item and its issue to RMO.

5. FLOWCHART

Flowchart not required.